

Message Text

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61

ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

DODE-00 INR-05 NSAE-00 PA-01 RSC-01 PRS-01 SP-02

AID-05 EB-04 NSC-05 CIEP-01 TRSE-00 SS-15 STR-01

OMB-01 CEA-01 IO-04 COME-00 FRB-01 XMB-02 /061 W

----- 108481

O R 042125Z NOV 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 6274

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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PASS TREASURY FOR DEPUTY ASSISTANT SECRETARY JOHN BUSHNELL

E.O.11652: N/A

TAGS: EFIN, BR

SUBJECT: BRAZIL'S BORROWING FROM THE IDB/FSO

1. MOST OF SATURDAY'S PAPERS (NOV 2) GAVE WIDE COVERAGE TO STATEMENT ATTRIBUTED TO JOHN BUSHNELL, US TREASURY, THAT USG WILL HENCEFORTH VOTE AGAINST IDB-FUND FOR SPECIAL OPERATIONS LOANS TO BRAZIL, ARGENTINA, MEXICO AND VENZUELA. THE REPORTS ARE FRAMED IN DRAMATIC LANGUAGE, WITH SOME PAPERS, CONFUSED OVER THE DISTINCTION BETWEEN ORDINARY CAPITAL LOANS AND FSO LENDING, IMPLYING THAT USG WAS GOING TO PREVENT FURTHER ACCESS BY THESE COUNTRIES TO THE IDB.

2. ALTHOUGH THE EMBASSY HAS BEEN UNOFFICIALLY AWARE OF DISCUSSIONS IN WASHINGTON WITH REGARD TO WEANING OF THESE COUNTRIES FROM THE IDB/FSO, EMBASSY WAS UNAWARE THAT DECISION WAS IMMINENT, AND HAS RECEIVED NO OFFICIAL WORD THAT, IN FACT, SUCH DECISION HAS BEEN TAKEN. EVEN IF BRAZILIAN EXECUTIVE DIRECTOR ON IDB BOARD HAS ALREADY BEEN OFFICIALLY

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NOTIFIED OF US DECISION, WE BELIEVE IT WOULD BE HELPFUL IF

EMBASSY COULD DIRECTLY EXPLAIN US REASONING TO GOB; ALTERNATIVELY,
THAT WE BE ABLE TO EXPLAIN STATUS OF THIS ISSUE.

3. WE BELIEVE IT IS IMPORTANT THAT WE GIVE TO THE
GOB AS FULL AN EXPLANATION OF ANY US DECISION AS POSSIBLE.
IN THE PAST, WE HAVE JUSTIFIED, AT LEAST IN PART, PHASE-DOWN
AND OUT OF USAID PROGRAM IN TERMS OF BRAZIL'S CONTINUED
ACCESS WITH US SUPPORT TO THE IFI'S.

4. ACTION REQUESTED: WOULD APPRECIATE AS SOON AS POSSIBLE DETAILS
OF BUSHNELL'S STATEMENT, FORUM IN WHICH IT WAS MADE, TOGETHER
WITH SUPPORTING RATIONALE SO THAT WE CAN EXPLAIN US POSITION TO
APPROPRIATE GOB OFFICIALS, AS WELL AS HANDLE PRESS INQUIRIES.
AS PART OF EXPLANATION WE WOULD APPRECIATE AN ESTIMATE,
IF SUCH IS AVAILABLE, OF WHAT THIS
ACTION MEANS IN TERMS OF POTENTIAL LOSS OF IDB FUNDS
FOR BRAZIL OVER THE NEXT FEW YEARS.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Review Content Flags:
Review Date: 10 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by boyleja>; APPROVED <11 DEC 2002 by MorefiRH>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
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Status: NATIVE
Subject: BRAZIL'S BORROWING FROM THE IDB/FSO
TAGS: EFIN, BR, IDB
To: STATE
Type: TE
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